

# Ship Lines Ask Drastic Change In Subsidy Bill

**Would Restrict Authority of Shipping Board Over Government Contracts; Increase Is Suggested**

**Urge 20-Year Subvention**

**Owners, Builders and Operators Cause Surprise by Amendments They Favor**

**Joint Congressional Ship Bill Hearing Ends**

From The Tribune's Washington Bureau

WASHINGTON, May 19.—Hearings on the ship subsidy bill by the Senate Commerce Committee and the House Merchant Marine Committee closed this afternoon. The bill will now take up before the House Merchant Marine Committee, with a view to making a favorable report on the measure.

Senator Jones, chairman of the Commerce Committee, predicted that its vital features would not be changed with the exception that the naval reserve provisions would be eliminated.

"I hope to see the bill pass this session," he said.

Chairman Lasker to-day said he expected the subsidy bill to be passed by the House by the end of June. He said it was planned to eliminate the immigration committee's amendment which would provide that at least 50 per cent of aliens from maritime countries would use American flag vessels.

"I am heartily in favor of a ship subsidy," Mr. Schwab said.

**New Ship Rate War Looming Up in West Indian Trade Routes**

**Panama Line Forces Action by Making Effective at Once 10% Differential; United Fruit Co. Follows**

An announcement yesterday by the Panama Canal Steamship Company that it intended to make effective at once a differential of 10 per cent under the rates fixed by the West Coast of South America conference made more acute the disturbed conditions on the West Indian shipping routes. This was followed by the statement of the United Fruit Company that it will apply the same differential. The other members of this conference have deferred action until the next regular meeting in two weeks.

The industrial corporations sending their products on their own ships shall be entitled to the deduction from income taxes of 5 per cent of the freight payments, calculated at the current market rates.

The War and Navy departments shall be allowed to make their own contracts with private companies for the shipment of government supplies, without the necessity for the Shipping Board approval.

The subsidy shall be payable to charterers and operators of vessels, as well as to owners.

The minimum subsidy shall be seven-tenths cent a gross ton instead of one-half cent for each 100 miles in foreign trades and the excess compensation shall be paid to the port of entry of ten knots and over instead of thirteen, as at present. This is the most important change suggested in the bill and would greatly increase the compensation paid to American owners on the ships now in their fleets, about 90 per cent of which are less than twelve knots in speed.

The subsidy shall be payable not only on the number of miles between the United States and the foreign country, but shall be calculated also upon the mileage between ports of call necessary to complete the voyage.

That section of the bill shall be eliminated which requires industrial corporations, owning and loading their ships, to offer one-third of their cargo space to the general public ten days before sailing.

**Aid for Twenty Years**

The Shipping Board shall have authority to make subsidy contracts for twenty years instead of ten, thus doing away with the fear of government.

The section giving the President authority to take over and purchase ships "for any public purpose at any time" shall be changed to make this possible only during the existence of a national emergency declared by the President.

Elimination of the provision requiring ship lines to carry the United States mail.

That section shall be eliminated giving the Shipping Board authority to refuse to make a subsidy contract if it decides that the ability and character of the ship owner, charterer or operator do not justify confidence.

If the above recommendation is not accepted then it is asked that the ship lines be relieved from the decision of the Supreme Court of the District of Columbia, which shall have the authority to direct the execution of the contract.

The board shall not have authority to reduce the subsidy provided in the bill.

**Want Contract Assignable**

If the preceding recommendation is not adopted then it is urged that the board shall not have authority to reduce the subsidy after the contract is signed. It is also recommended that the subsidy contract be mortgaged, assigned or otherwise conveyed to a citizen of the United States.

The section shall be eliminated providing that the Postoffice Department shall pay the subsidy fund the money ordinarily paid to the ship lines for carrying mail.

The restriction of profits above 10 per cent shall be calculated on the basis of five years instead of one.

The 10 per cent profit clause also shall not be applied to the individual ships of an owner, but to the fleet as an entire.

The requirement that after three

years any company accepting the subsidy must have three-quarters of its tonnage under the American flag shall be eliminated.

The requirement that repairs to American ships must be made in United States ports when possible shall be modified to read when practicable.

Classification of American ships may be done only by the American Bureau of Shipping but not by other recognized classification societies.

The United States Ship Operators' Association recommends that the 75 per cent ownership clause shall not apply to charterers or operators of ships.

The Council of American Shipbuilders upholds the provision that all ships must be classified by the American Bureau of Shipping and also protests against the recommended modification of the section requiring repairs to be made in American yards.

**Drastic changes in the ship subsidy bill, designed to limit the power of the Shipping Board, will be made in the drafting and supervision of contracts with private lines and also to provide an appeal from the decisions of the board, are requested by steamship owners, builders and operators in a report made public simultaneously in New York and Washington yesterday. This was in the form of a letter addressed to Senator Wesley L. Jones, chairman of the Committee on Commerce, and Representative William S. Greene, chairman of the House Merchant Marine Committee.**

The recommendations urge an increase in the subsidy paid to slower vessels, but provide for no change in the compensation for the faster and bigger ships. The letter represents the views of the American merchant marine joint committee, composed of owners, builders and operators. There are also dissenting opinions made separately by each of these groups.

**Came as Surprise**

Among the important points of difference are the question of requiring all American vessels to be classified by the American Bureau of Shipping, and the provision directing that after the years all companies obtaining a subsidy must have 75 per cent of their fleet under the American flag.

These two sections are upheld by the Council of American Shipbuilders, but are opposed by the ship owners and operators.

It had previously been intimated that some textual changes in the bill would be made, but this came as the importance of the suggestions came as a complete surprise to other interests.

The recommendations made by the merchant marine joint committee are summarized briefly as follows:

That the ship owner shall be required to put up from his own funds only one-third, instead of one-half, of the capital required for the construction of new ships with money saved through exemption from excess profits tax.

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